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SUBJECT: SINO-US TRADE - BUSINESS VISITORS TO PEKING IN DEC 75

REF: A) PEKING 2426; B) PEKING 2433

SUMMARY AND INTRODUCTION. U.S. BUSINESS ACTIVITY
BEGAN WITH A FLURRY IN EARLY DECEMBER, BUT, AS
USUAL, DROPPED-OFF MARKEDLY JUST PRIOR TO THE BEGIN-
NING OF THE CHRISTMAS HOLIDAYS. AS PREVIOUSLY REPORTED,
THREE U.S. FIRMS, BAKER TRADING, CAMERON IRON WORKS
AND FMC, CONCLUDED SALES OF OIL FIELD EQUIPMENT (REF.
A) AND UNIVERSAL OIL PRODUCTS CONTRACTED TO SUPPORT

TECHNOLOGY FOR A COMPLETE DETERGENT ALKYLATION PLANT
(REF B). REPRESENTATIVES FROM LITTON
RESOURCES SYSTEMS SIGNED A \$6 MILLION CONTRACT TO
SUPPLY SEISMOLOGICAL EQUIPMENT FOR OFF-SHORE OIL
EXPLORATION.

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ON THE U.S. IMPORT SIDE, CHINESE FOREIGN TRADE CORPORA-

TIONS ENTERTAINED BUYING MISSIONS FROM A BROAD RANGE OF AMERICAN FIRMS. THESE INCLUDED LESLIE FAY, DRAGON LADY IMPORTS AND TRI-PAC INTERNATIONAL (TEXTILES); WORLD MACHINERY CORP. (MACHINE TOOLS); ACTION INDUSTRIES (HOUSEHOLD ITEMS); INTER-PACIFIC CORP. (SHOES); AND A. HIRSH CORP. (HORSEHAIR). ALL OF THESE FIRMS REPORTED DOING BUSINESS, BUT THE VALUE OF INDIVIDUAL TRANSACTIONS IS UNKNOWN. INFORMATION CONTAINED IN THIS REPORT IS COMMERCIALY SENSITIVE AND SHOULD NOT BE DISCUSSED OUTSIDE THE USG. END SUMMARY AND INTRODUCTION.

1. REPRESENTATIVES OF THE FOLLOWING U.S. FIRMS VISITED PEKING IN DECEMBER :

LITTON RESOURCES SYSTEMS - FOLLOWING SEVERAL WEEKS OF NEGOTIATIONS, LITTON RESOURCES SYSTEMS SIGNED A

\$6 MILLION CONTRACT FOR THE SALE OF SEISMOLOGICAL EQUIPMENT ON JANUARY 6. VICE PRESIDENT PAUL MADELEY TOLD USLO THE EQUIPMENT WILL BE INSTALLED ABOARD SHIP AND USED IN OFF-S NRE EXPLORATION. THE SALE WAS MADE SUBJECT TO THE GRANTING OF A U.S. EXPORT LICENSE FOR THE COMPUTERS INVOLVED, BUT MADELEY SEEMED CONFIDENT THAT IT COULD BE OBTAINED AND THAT THE SALE WOULD BE CONSUMATED. LOTTON'S SALE BRINGS THE TOTAL VALUE OF U.S. OILFIELD EQUIPMENT SOLD TO CHINA SINCE NOVEMBER 1975 TO AN ESTIMATED \$36 MILLION (REF A).

WORLD MACHINERY INC. - PRESIDENT FRANK HOLSTEIN OF THIS LOS ANGELES MACHINERY IMPORT FIRM VISITED PEKING, SHANGHAI, TIENTSIN AND KWANGCHOW IN EARLY DECEMBER AT THE INVITATION OF THE CHINA NATIONAL MACHINERY CORPORATION. HOLSTEIN SAID HE WAS VERY IMPRESSED WITH THE QUALITY OF BASIC CHINESE MACHINE TOOLS AND, BEFORE LEAVING PEKING, PURCHASED 100 PENAGRAPH TYPE MILLING MACHINES FOR \$300,00.; AS PART OF THE DEAL, HOLSTEIN ALSO RECEIVED THE SOLE U.S. DISTRIBUTORSHIP FOR THIS TYPE OF EQUIPMENT. THE CHINESE WERE OBVIOUSLY DELIGHTED AT THIS OPPORTUNITY TO INTRODUCE THEIR MACHINERY TO THE U.S. MARKET AND, AFTER ISSUING LIMITED OFFICIAL USE

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HOLSTEIN'S VISA IN RECORD TIME (HONG KONG 14442), TOOK HIM TO VISIT SEVERAL HEAVY INDUSTRIAL PLANTS IN PEKING, AN UNUSUAL COURTESY TO FIRST-TIME VISITOR.

FMC - IN ADDITION TO THE SALE OF OIL FIELD EQUIPMENT NOTED IN THE SUMMARY OF THIS MESSAGE, FMC HAD COMMERCIAL CONTACTS WITH TWO OTHER FOREIGN TRADE CORPORATIONS DURING ITS DECEMBER VISIT TO PEKING. ACCORD-

ING TO THE FIRM'S HONG KONG AGENT MR. WALTER C.K. CHUN (UNIKET LTD.), FMC SIGNED A \$500,000 CONTRACT WITH THE CHINA NATIONAL CHEMICALS CORPORATION FOR THE SALE OF 1,000 TONS OF INSECTICIDE. FMC REPRESENTATIVES MADE AN INTRODUCTORY PRESENTATION TO MACHIMPEX ON EQUIPMENT FOR PRODUCING COKING COAL FROM LOW GRADE COAL AND RECEIVED A REQUEST FROM THE CHINESE FOR INFORMATION ON AGRICULTURAL MACHINERY. CHUN ATTENDED THE FALL CANTON TRADE FAIR ON FMC'S BEHALF AND THEN CAME TO PEKING TO JOIN FMC REPRESENTATIVES FROM THE U.S. AND FRANCE. THE CONTRACT FOR THE INSECTICIDE WAS ACTUALLY WRITTEN IN CANTON, AND THEN BROUGHT BY CHUN TO PEKING FOR SIGNATURE.

LESLIE FAY COMPANY - RALPH IANNAZZONE OF THIS NEW YORK FASHION FIRM VISITED PEKING AND TALIAN FROM DECEMBER 8-17 AT THE INVITATION OF THE CHINA NATIONAL TEXTILES CORPORATION. AT THIS FALL'S CANTON TRADE FAIR, LESLIE FAY PURCHASED \$1 MILLION (265,000 YARDS) OF TEXTILES WHICH WILL BE MADE INTO GARMENTS IN TALIAN AND SOLD IN THE US UNDER THE FIRM'S OWN LABELS. IANNAZZONE SAID THIS VISIT WAS REQUIRED FOR FINALIZING DETAILS OF STYLING AND CONSTRUCTIONS WITH CHINATEX BRANCH CORPORATION AND FACTORY REPRESENTATIVES. HE WAS ACCOMPANIED BY HIS AGENT, VERONICA YHAP (DRAGON LADY IMPORTS) WHO DID BUSINESS IN PEKING AND SHANGHAI FOR HER OWN COMPANY.

PICKER - AFTER SPENDING NEARLY A MONTH IN SHANTUNG, PROJECT ENGINEER LANCE ALBRECHT AND PICKER'S AGENT FOR CHINA, DAVID BUXBAUM (MAY LEE INDUSTRIES), CALLED ON USLO TO DISCUSS THEIR EXPERIENCES IN INSTALLING MEDICAL INSTRUMENTS IN T TSINAN HOSPITAL. ALBRECHT'S VISIT LIMITED OFFICIAL USE

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FOLLOWS ONE MADE IN NOVEMBER 1974 BY ANOTHER PICKER TECHNICIAN WHO ALSO INSTALLED MEDICAL INSTRUMENTS IN TSINAN (PEKING 1922, 1974). ALBRECHT DID NOT MENTION THE EARLIER VISIT, BUT SAID HIS FIRM HAD MADE ONLY ONE SALE TO CHINA. BUXBAUM INDICATED HE WOULD REMAIN IN PEKING FOR SEVERAL DAYS, BUT WAS HIGHLY EVASIVE AND DID NOT SAY WHETHER HE PLANNED ANY ADDITIONAL BUSINESS ON THIS TRIP TO CHINA.

TRI-PAC INTERNATIONAL - COMPLETING HIS THIRD YEAR OF IMPORTING GREY GOODS FROM CHINA, PAUL GOLDBERGER RETURNED TO PEKING THIS DECEMBER AS PRESIDENT OF HIS OWN FIRM, TRI-PAC INTERNATIONAL. GOLDBERGER MADE HIS FIRST TRIP IN 1972 AS A BUYER FOR THE TENNANT CO. ALTHOUGH THE CHINESE HAVE CONSISTENTLY REFUSED HIS ANNUAL REQUESTS

FOR NEW "CONSTIONS", GOLDBERGER EXPRESSED OVER-ALL SATISFACTION IN HIS DEALINGS WITH THE PRC. THIS YEAR HIS FIRM WILL IMPORT 2 MILLION YARDS OF GREY GOODS (\$750,000) FOR THE AMERICAN MARKET.

ACTION INDUSTRIES - REPRESENTATIVE IRA HELFER MADE A HOLIDAY VISIT TO PEKING, TIENTSIN, SHANGHAI AND KWEILIN ON A BUYING MISSION FOR THIS NEW YORK BASED IMPORT FIRM. ACTION PURCHASES INEXPENSIVE HOUSEHOLD PRODUCTS IN QUANTITY AND THEN MARKETS THEM IN PROMOTIONAL PROGRAMS FOR "SUPER STORES" IN THE UNITED STATES. DURING THIS TRIP, HELFER BOUGHT A VARIETY OF ARTS AND CRAFTS AND SOME 400 THOUSAND GROSS OF CLOTHES PINS WHICH REQUIRED A VISIT TO FACTORIES LOCATED IN KWANGSI.

INTER-PACIFIC CORPORATION - FOOTWEAR IMPORTER URBAN HIRSCH FROM LOS ANGELES VISITED PEKING, TIENTSIN AND OTHER CHINESE CITIES AT THE INVITATION OF THE CHINA NATIONAL LIGHT INDUSTRIAL CORPORATION. HIRSCH WAS ENCOURAGED AT THE PROSPECTS FOR DOING BUSINESS WITH CHINA BUT RESULTS OF HIS VISIT ARE NOT KNOWN.

A. HIRSCH, INC. - CONCLUDING DECEMBER'S LIST OF U.S. IMPORTERS, ERWIN HIRSCH OF THIS PHILADELPHIA FIRM, SIGNED CONTRACTS IN PEKING AND TIENTSIN LIMITED OFFICIAL USE

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FOR HORSEHAIR TO BE USED IN MAKING BRUSHES. HIRSCH, WHO HAD PREVIOUSLY DONE BUSINESS BY CABLE, ESTIMATED THE TOTAL VALUE OF THESE CONTRACTS AT ABOUT \$170,000. DURING HIS VISIT TO TIENTSIN, HIRSH WAS SHOWN A HORSEHAIR PROCESSING FACTORY WHICH HE SAID APPEARED TO HAVE BEEN SET UP ESPECIALLY FOR HIS BENEFIT. IN CONTRAST TO THE USUAL APPEARANCE OF SUCH FACILITIES, HIRSCH

SAID THIS ONE WAS SPOTLESS, ODORLESS, AND WITHOUT ANY APPARENT SUPPLY OF RAW MATERIALS. HE WAS AT A LOSS, HOWEVER, TO EXPLAIN WHY THE CHINESE HAD GONE TO THE TROUBLE TO CREATE A DECEPTION SINCE THE WORK IS DONE BY HAND AND THE PROCESS STANDARD FOR ALL COUNTRIES. THAYER

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